DOCUMENT RESUME

ED 462 494 UD 034 774

AUTHOR	Gillman, Amy R.
TITLE	Strengthening Family Child Care in Low-Income Communities: A Report to the Surdna Foundation.
INSTITUTION	Surdna Foundation, Inc., New York, NY.
PUB DATE	2001-02-00
NOTE	43p.; Prepared as part of the Surdna Foundation's Family Child Care Initiative.
AVAILABLE FROM	For full text: http://www.surdna.org/documents/childcare.pdf.
PUB TYPE	Reports - Descriptive (141)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	Case Studies; Community Organizations; Early Childhood Education; *Family Day Care; Financial Support; Low Income Groups; Social Support Groups; Welfare Reform

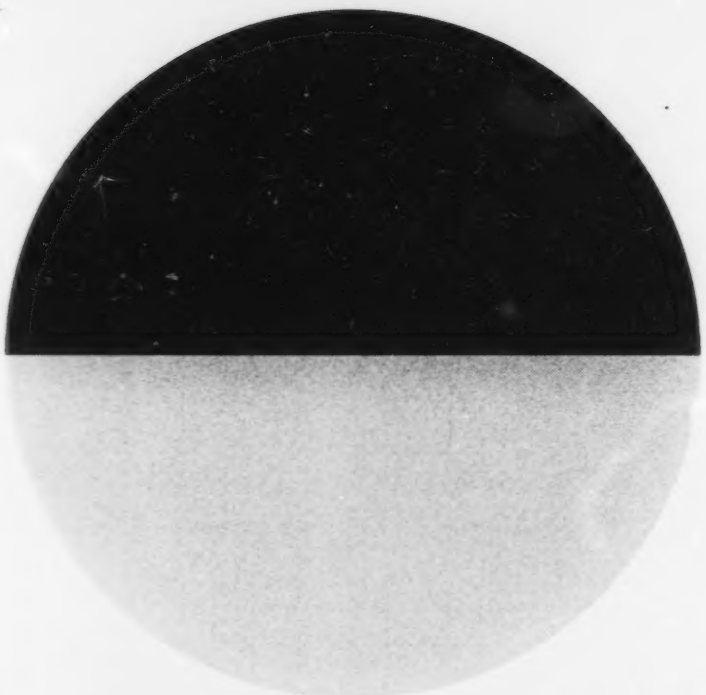
ABSTRACT

Family child care is the fastest growing segment of the child care industry and the type most often used by low-income families. It is largely unregulated, with poor children most likely to be in low-quality family child care homes. Family child care is underfunded, disorganized, and not structured to meet increased demands for service delivery. Many community groups serve as focal points of activity around this issue, providing information, training, and resources to help support family child care providers. Approaches range from loosely structured associations to more formal arrangements implemented through nonprofit community-based organizations. Family child care networks require ongoing funding, which can be difficult to secure. Some states provide stipends that minimally help support these networks, and a limited number of national foundations provide support. Network efforts could benefit from more analysis of successful practices and sharing of lessons learned, but few organizations have the resources to conduct evaluations. In the long term, the family child care industry needs significant increases in public funding to meet the demand for quality care in low-income neighborhoods. In the short term, private funding is essential to meet pressing needs. (Contains 22 references.) (SM)

Reproductions supplied by EDRS are the best that can be made
from the original document.

ED 462 494

Strengthening Family Child Care In Low-Income Communities



U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☑ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY

C. Shea
Surdna Foundation

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

BEST COPY AVAILABLE

SURDNA FOUNDATION, INC.

A family foundation established by John E. Andrus in 1917.

UD034774

FOREWORD

This report by Amy Gillman comes to you as part of the Family Child Care Initiative (FCCI) and Surdna's support for the field of family child care. We hope that it provides a framework for your understanding of family child care as the prevalent form of child care in low-income communities and its essential role in community economic development. As stated in this report, family child care is the fastest-growing segment of the child care industry and represents the most frequently used "out of home" care in the country. Particularly during these years of welfare reform, we have found a growing need for alternative child care services as more parents are entering and re-entering the workforce. With child care centers often inaccessible and unaffordable, family child care becomes the most viable option for many families. As a result, we find a natural link between improving the quality and supply of this type of care and the revitalization of neighborhoods.

It has become apparent to us that community-based organizations, especially community development corporations, are playing a significant role in family child care. This report shows how community-based nonprofits are key to the emergence of an infrastructure of support for family-based care through networks and systems. The family child care systems and networks serve to support, organize and increase the supply and quality of family child care providers. We see the most successful strategies implemented through community-based institutions offering a combination of services and supports in both business and child development to address the multi-layered needs of providers.

We have also come to understand the importance of policy systems change in this arena and the role of networks and systems in effecting this type of change. There are many issues surrounding family child care including regulations, funding, and subsidies. The networks have been instrumental in mobilizing local and national efforts to address these issues of the field. The networks and systems are poised to be the vehicles that will bring a family child care agenda to the forefront of child care policy.

Surdna is committed to providing support for the development of resources and information needs of the family child care industry as it attempts to move forward.

Sam Thorpe
Chairman, Community Revitalization Committee

Edward Skloot
Executive Director

Carey Shea
Program Officer for Community Revitalization

STRENGTHENING FAMILY CHILD CARE IN LOW-INCOME COMMUNITIES

A REPORT TO THE SURDNA FOUNDATION

PREPARED BY
AMY R. GILLMAN

FEBRUARY 2001

TABLE OF CONTENTS

EXECUTIVE SUMMARY i

I. FAMILY CHILD CARE IN LOW INCOME NEIGHBORHOODS 1

- **What is Family Child Care?**
- **The Policy Context: Welfare Reform**
- **The Pervasiveness of Family Child Care**
- **Family Child Care and Community Development**
- **Barriers to Success**

II. AN EMERGING INFRASTRUCTURE OF SUPPORT 7

- **Mechanisms of Support**
- **The Role of Local Community Organizations**
- **Ingredients of Successful Networks and Systems**
- **The Role of National Organizations and Intermediaries**

III. RESOURCES AND FUNDING 18

- **Network Costs**
- **The Public Sector**
- **The Private Sector**

MAJOR FINDINGS 21

ENDNOTES

RESOURCE ORGANIZATIONS

BIBLIOGRAPHY

EXECUTIVE SUMMARY

Family child care – including regulated and unregulated homes – is the fastest-growing segment of the child care industry and is the type of child care most often used by low-income families. By improving outcomes for at-risk children, supporting employment activities for their parents, and stimulating economic development in their communities, family child care has the potential to be a powerful tool for neighborhood growth and development. But compared to center-based programs, family child care is largely unregulated, and research has shown that the majority of homes do not offer good quality care. In fact, low-income children are the most likely to be in poor quality family child care homes.

With the advent of welfare reform, family child care has been touted by policymakers and others as a cost-effective way to quickly create employment opportunities and expand the child care supply in low-income communities. But family child care is underfunded, poorly organized, and not well structured to meet increased demands for service delivery. Providers work long hours for low and often unstable income, and have little contact with other providers or access to educational or professional development activities. Because of the unfavorable economics, isolation and stress of family child care work, turnover in the field is high, and the quality of care suffers. Parents cannot work when faced with breakdowns in child care arrangements, and children cannot thrive without a developmentally appropriate and stimulating environment.

To address these barriers, a growing number of community groups are serving as a focal point of activity around family child care in low-income neighborhoods, providing information, training and resources designed to help organize, strengthen and support family child care providers. Approaches range from loosely structured associations of providers to more formal arrangements where providers enter into contracts for services or even become employees of a family child care network or system. The most successful strategies are implemented through capable nonprofit community-based organizations with a dedicated staff person, and offer a comprehensive package of services and supports in both business development and early childhood development to address providers' multi-layered needs. These organizations are better positioned than individual providers to assess the local market, assemble appropriate resources, bring visibility to the child care agenda, and advocate for more favorable rates and regulations for family-based providers. Community development organizations have used their specialized housing expertise to help providers find, equip or repair homes, but many providers face problems with less friendly landlords who question the legitimacy of running a family child care business in residential housing, and are worried about liability, traffic, noise, and wear and tear on their units.

Family child care networks and other support mechanisms require ongoing funding which can be difficult to secure. Since public subsidies and parent fees rarely cover the full cost of quality care,

most family-based providers do not have the option of contributing toward the cost of implementing a network of services. Some states provide stipends to support administrative costs, but do not cover enhanced business and training services. On the private side, there are a limited number of national foundations involved in the early childhood arena. Few of these focus specifically on family child care, and most do not support local service projects outside of their headquarter or priority cities.

It is an opportune time to take stock of the growing family child care network industry and help it mature. There has been an explosion of interest in home-based care since the implementation of welfare reform. A diversity of local organizations in cities across the country are crafting approaches to link and support family child care providers. As these local strategies unfold, a number of national organizations are sponsoring conferences, preparing briefing papers and looking at best practices. But given its small size and intimate nature, home-based care has been difficult to understand and assess. Network efforts could benefit from more analysis of successful practices and sharing of lessons learned, but few organizations implementing these programs have the resources to conduct evaluations or exchange information and ideas. Kith and kin care – care provided by relatives and friends – is a segment of family child care that is especially untested; although widely used in poor communities, few network efforts focus on this category of care. Welfare reform has spurred a number of innovative approaches that target recipients of Temporary Aid to Needy Families (TANF), and these programs will need to be monitored and evaluated. It is important for practitioners, researchers, funders and policymakers to better understand what strategies are working, whether they are replicable, and what financial resources and technical assistance are needed to ensure future success.

In the long-term, the family child care industry will need a significant increase in public funding to meet the demand for quality care in low-income neighborhoods across the country; in the short-term, private funding is essential to meet pressing needs and help advance the growing family child care network industry. At this juncture, financial support can be most effectively utilized to strengthen the emerging infrastructure of local and national organizations that support the development of well-functioning networks. Specific actions could include seed funding to test pilot a growing number of innovative approaches to expanding and improving family child care businesses; operational support to enlarge and replicate strategies that have succeeded in individual communities; and resources to carry out research, policy analysis and public education to create a more supportive funding, housing and regulatory environment for family child care providers. There is also a need to promote effective mechanisms for documenting and disseminating lessons learned and best practices, and for providing ongoing communication within this maturing but still fragmented industry.

I. FAMILY CHILD CARE IN LOW-INCOME NEIGHBORHOODS

What is Family Child Care?

Child care services are provided in a variety of center-based and home-based settings. Center-based programs operate in schools, churches and other community facilities, and generally serve more than 12 children. Family child care is nonparental care provided to small groups of children in the residence of the caregiver. Each state establishes its own family child care regulations, and has considerable flexibility in developing program standards and setting public payment rates for child care providers. In most states, family child care homes can serve a maximum of six to eight children. In many states, homes serving more than six children are required to have a second adult present and are classified as "group" or "large" family child care homes.

While all center-based child care programs must comply with state licensing requirements, that is not the case for family child care. The majority of states allow certain providers to operate legally without meeting any state standards or health and safety guidelines. The Children's Foundation recently reported that 39 states have family child care providers who are legally exempt from fire and safety rules, criminal background checks and training requirements.[i] These unregulated providers are often referred to as "informal" or "license exempt" caregivers, and include "kith and kin" care provided by relatives and friends.

Many family child care providers are regulated – through licensing, registration or certification – and must comply with state requirements. Requirements for regulated family child care providers vary from state to state and many states are fairly lenient and do not require providers to have any education or training before serving children. In Virginia, for example, home-based providers caring for fewer than six children register voluntarily, and begin providing care without attending any orientation or training programs.[ii]

Since most family child care providers are entirely unregulated, and even regulated providers are not rigorously managed, the quality of care offered by home-based providers is variable at best. A major study by the Families and Work Institute found that only 9% of family child care homes are providing good quality care.[iii] The early childhood community has responded by setting quality standards for the field through an accreditation process and credential system. Unlike state regulations, which are mandatory, accreditation is a voluntary process of meeting standards that go beyond the floor of protection set by states – somewhat like a "Good Housekeeping Seal of Approval." Accreditation standards are based on what research has determined are the

components of quality care, including trained providers, age appropriate activities and materials, and a safe and hazard-free environment. The National Association of Family Child Care (NAFCC) – a professional organization representing home-based caregivers – has offered accreditation since 1987 based on a nationally accepted system for center-based programs. A new accreditation system created specifically for family child care homes was developed by the Family Child Care Project at Wheelock College and has been implemented nationally since 1999. A Child Development Associate (CDA) created in 1971 to support quality care was adapted for family child care providers in the 1980s.

The Policy Context: Welfare Reform

The 1996 federal legislation to create the Temporary Assistance for Needy Families (TANF) program represents the most significant change in welfare policy in the last 60 years. Under this law, all families face a lifetime maximum of five years of public assistance, and all recipients – even those with very young children – are required to work or participate in education or training programs to keep their TANF benefits. As part of the welfare law, a new Child Care Development Fund (CCDF) created a six-year federal child care block grant to the states that combines prior public child care funding streams for poor families.

With time limits and work requirements kicking in under welfare reform, the demand for child care services has been growing dramatically in low-income neighborhoods. A report by the U.S. General Accounting Office concluded that the supply of child care in poor neighborhoods is already inadequate, and would only increase with the full implementation of the welfare law. The report found that the existing supply of infant care in Chicago, for example, could meet only 14% of the need.[iv]

Child care took on new meaning in the policy arena as federal and state leaders viewed it as the critical factor in making welfare reform a success. The need to build the child care supply for TANF children while creating employment for TANF parents has thrust family child care to the forefront. Many states concluded that family child care is a much faster and less expensive way to create employment opportunities and expand the child care supply than through the development of new facilities. In addition, home-based child care has been viewed as an opportunity for increasing the supply of non-traditional hour care for parents working evening or weekend shifts. As a result, a significant number of state proposals have emerged to recruit TANF recipients to care for children of other recipients.

The early childhood field is concerned that states have pursued inexpensive solutions to expanding employment and child care, but without understanding how difficult it is for welfare recipients with little or no education or work experience to start new businesses and provide full-time child care services for other poor families. The Center for the Child Care Workforce estimates that over half the states are operating programs to create child care jobs for TANF recipients, but without appropriate emphasis on training, education and skills development for new providers.[v]

The use of unregulated family child care arrangements to meet the needs of welfare reform has also caused considerable debate in the early childhood arena. While many experts agree that informal and kith and kin care is often the child care arrangement of choice, some fear that policymakers and case managers are pushing the use of informal care for poor families because subsidy rates are typically lower, thereby allowing states and localities to use their limited child care resources for a larger number of families.

On the federal level, the U.S. Department of Health and Human Services (HHS) is developing a formal family child care option for Head Start to complement the program's current center-based and home-visiting components. Based on an evaluation of a five-year "Head Start Family Child Care Homes" demonstration program, HHS has concluded that family child care is a viable setting for providing Head Start's comprehensive family and child development services.

The Pervasiveness of Family Child Care

Family child care is the fastest-growing segment of the child care industry and represents the most frequently used "out of home" care in the country. While prevalent across income groups, family child care is relied on most heavily by low-income families. In 1994, the General Accounting Office reported that 18 to 20% of children under age five of poor, single working mothers are in formal family child care arrangements.[vi] Kith and kin care is even more common: over 60% of poor families turn to friends and relatives for child care support compared to 46% of nonpoor families.[vii]

For parents across income brackets, family child care offers the intimacy and familiarity of a residential setting – closely approximating the care given at home. While many parents seek the kind of educationally-oriented programs offered by centers for their preschool children, homelike environments are popular for infants and toddlers. Low-income families benefit in particular from many of the characteristics of family child care:

Convenience – Transportation in poor neighborhoods can be a problem. Low-income families often have no reliable transportation of their own, and public transportation is typically

inconvenient. As a result, low-income families seek family child care arrangements located in the neighborhoods where they live.

Culture – Increasingly, low-income families living in urban areas come from a range of other countries and speak languages other than English. These families often prefer caregivers with a common language and culture to best meet their child-rearing objectives, which can be difficult to find in center-based programs.

Flexibility – Low-wage and low-skill jobs are more likely to require odd-hour or nontraditional-hour care at night or on weekends. Family child care providers are often better able than center-based programs to accommodate these needs.

Affordability – Many poor families cannot afford space in more costly center-based programs, and opt for less expensive home-based arrangements. Some low-income parents even use relative care as a way of keeping their financial resources within the family.

Unfortunately for many poor families, home-based child care is the not the *preferred* choice, but the *only* choice. Despite an infusion of public resources for child care, low-income areas have not enjoyed an increase in the availability or affordability of services. Research has documented the lack of licensed care in poor neighborhoods, especially center-based care. A recent study by two economists found that half of all low-income communities have no center-based care available at all.[viii] Where centers do exist, services for infants and toddlers can be prohibitively expensive because of requirements for high staff/child ratios, additional square footage for cribs and other specialized equipment. Many center-based programs conclude that preschool programs for three and four year olds are more economically viable. As a result, in many low-income neighborhoods family child care is the only type of child care available.

Family Child Care and Community Development

Whether selected by choice or turned to as a last resort, family child care is the most prevalent form of care used by poor families. By improving outcomes for at-risk children, supporting employment activities for their parents, and stimulating economic development in their communities, family child care has the potential to be a powerful tool for neighborhood growth and development.

Good Outcomes for At-Risk Children – New medical research has revealed that early brain development occurs during a critical window between birth and age three, and depends on human interaction and stimulation. These findings have elevated the importance of early childhood development, and confirmed the need for high quality child care environments – even for very young children. Studies have also shown that at-risk children benefit the most

from high quality child development programs, helping them overcome many of the environmental deficits they face at home.

Support for Working Families – The lack of affordable, accessible child care prevents low-income parents from seeking and keeping jobs. In fact, research has shown that more than 40% of all poor nonworking mothers with infants report child care problems as the primary reason for not being in the labor force.[ix] The welfare to work literature is demonstrating that low-wage workers are far more likely than higher wage workers to be affected by lateness and absenteeism on the job because of child care problems. In a parent survey conducted by the ROSE CDC in Portland, Oregon, over 60% of respondents missed work or quit their job because of unstable child care.

In addition to supporting parental employment, family child care homes represent a potential source of information, resources and support for parents. Since family child care providers serve fewer children than centers, there are often more opportunities for personal interaction with the child, which can allow providers to more closely observe behavior and identify problems. Since it is a more intimate arrangement, and often right in the neighborhood, parents develop closer relationships with home-based providers than with center-based providers. One study showed that family child care providers spend nearly an hour a week talking with each parent, compared to less than 15 minutes at centers.[x]

Community Economic Development – The family child care industry contributes to the overall economic viability of local communities. In addition to promoting labor force participation, family child care can also increase local job creation, help communities capture higher levels of public subsidies, and generate higher tax revenues. The National Economic Development & Law Center (NEDLC) has quantified these economic effects for licensed child care in a number of California counties, and found that family child care in San Mateo County, for example, represents a $29 million industry.[xi]

Barriers To Success

In spite of the potential value that family child care brings to low-income neighborhoods, there are a number of factors that prevent providers from staying in business and offering quality care to the community. The primary barriers are discussed on the following page:

Low Income – Family child care providers operating in low-income neighborhoods tend to work long hours for low and unstable revenues with few if any health insurance or other

benefits, causing considerable disagreement on whether family child care is a plausible employment option for low-income women. Although family child care providers are small businesses, they typically operate on very thin profit margins. Most providers in poor communities rely heavily on public subsidies from income eligible families, which provide low reimbursement rates. Opportunities to attract families who can pay for the full cost of care are severely limited in low-income communities. The Center for the Early Childhood Workforce estimates that the average annual income for regulated family child care providers is $8,344 - $10,000 after taxes and expenses, and $5,132 for unregulated family child care providers.[xii] For many, family child care work does not present a clear path to self-sufficiency.

A family child care business can be more viable as a second income in a two-earner household or as supplemental income (for example, grandparents who care for neighborhood children to enhance a fixed income). Also, tax benefits are greater for providers who own their own homes. However, the majority of family child care providers in lower income communities are single women who rent their home or apartment. "Group" or "large" family child care homes that serve as many as 12 children can be more economically viable than smaller homes, although in many states family child care providers cannot legally serve more than six children.

Isolation and Lack of Professional Opportunities – Family child care can be a demanding, exhausting and isolating job. Most providers spend an average of 50 hours a week with children, with additional time for shopping, cleaning and planning activities.[xiii] There are few opportunities to interact with other adults, especially others doing similar work. The Families and Work Institute found that 25% of family child care providers know no other provider, 42% have no weekly contact with other providers, and 54% have no contact with organized groups of providers.[xiv]

Family child care providers, even more than other child care workers, are often seen by themselves and others as babysitters more than as professional caregivers or entrepreneurs. Because of their long hours and low pay, and the isolating nature of their work, family child care providers have difficulty learning about and accessing information or resources to help them become more successful professionals. It can be daunting for women with little or no related work history or education to become the sole proprietor of a small business, with new responsibilities of opening a bank account, preparing taxes, managing a budget, and implementing skills in child development. Even the process of becoming registered or licensed can both be intimidating and expensive for new providers, while the perceived benefits may be few.

Unsuitable housing – Homes in low-income neighborhoods are frequently not suitable for child care, with exposed heaters, unprotected windows, and dangers of lead paint. City apartments in particular are often small and crowded with little outdoor space, and with indoor environments not designed for child care use. Unfortunately, family child care providers have few resources to invest in better housing or equipment. Since most providers in poor communities are renters, they are reluctant to make an investment in home improvements. Many home-based providers also experience problems with landlords concerned about liability, wear and tear on housing units, and increased traffic from additional children and families on the premises. Some landlords believe it is illegal to operate a family child care business in their housing units, and have attempted to evict providers.[xv]

II. AN EMERGING INFRASTRUCTURE OF SUPPORT

While family child care has been touted by policymakers and others as an opportunity for the immediate expansion of both child care and jobs, these arrangements are poorly funded, highly fragmented, and not well structured to meet increased demands for service delivery. Because of the unfavorable economics, isolation and stress of family child care work, providers often end up marginalized in their fields and in their lives. Without access to training or interaction with other providers, the quality of care suffers. Turnover in the child care field is high, estimated at over 30% a year[xvi] (compared to under 6% for public school teachers),[xvii] and many experts believe that turnover among home-based providers can be even higher because of limited resources and support.

Parents cannot work when faced with breakdowns in child care arrangements, and children cannot thrive without a developmentally appropriate and stimulating environment. A Families and Work Institute study found that most family child care homes provide either inadequate or merely adequate or "custodial" care, and that low-income children are the most likely to be in poor quality family child care homes.[xviii]

Mechanisms of Support

Family child care providers face many of the challenges of other small businesses, but because of the specialized nature of their operations, they require multiple business resources to help them start up, market and manage their operations as well as specialized training to help them understand how to interact most effectively with children and parents. Studies have shown that providers who are trained, regulated, belong to professional organizations and participate in

professional development activities are more likely to have successful businesses and provide higher quality care.

As a result, a growing number of community groups are serving as a focal point of activity around family child care in low-income neighborhoods, providing information, training and resources designed to help organize, strengthen and support home-base providers. While some organizations provide modest services and simply link providers to existing resources, an increasing number of local groups are creating an infrastructure of support through a balanced package of training, business assistance, and peer support to build providers' skills and capacity as both early childhood and business professionals. Approaches range from loosely structured affiliations of providers to more formal arrangements where providers enter into contracts for services or even become employees of a network or system.

A range of local community organizations sponsor *family child care networks* to link providers to each other and to resources and services to support, strengthen and professionalize their businesses. Family child care network services range from training and technical assistance to start-up capital to organizing support groups. Networks may help providers with marketing assistance and referrals of families, but typically do not assign children to particular homes. A family child care network generally employs at least one full-time coordinator to organize training and supports for providers, although many programs are adding additional specialized staff that offer a richer menu of services. Depending on the state, family child care networks may or may not receive direct public subsidies for network administration and overhead expenses.

Family child care systems, like networks, provide an array of training and support services to family-based providers. Unlike networks, systems typically have a contract with the state or locality for a set number of child care slots and receive a grant from the state to cover the cost of administering subsidies on behalf of providers. Only a handful of states fund family child care systems, including Massachusetts, California, Washington, D.C. and Illinois. In many areas the approach is region or city-specific – for example, New York City funds systems while the rest of the state does not.

While networks increasingly reach out to unregulated as well as regulated family child care providers, systems generally work exclusively with regulated providers. Some systems employ providers directly; others determine which children are eligible for services, and handle enrollment and fee collection for providers. Since subsidies are accessed directly from the state, systems can help providers stabilize their enrollment. Some providers, however, prefer to have more control over which children are placed in their program. A number of systems support "satellite" family child

care homes as off-site classrooms that are connected to formal child care centers and have access to an array of training and administrative support provided by the center's staff. Satellite care can also benefit parents by offering a continuum of home-based and center-based care options.

Like any other professional associations, *family child care associations* are established by providers to address common goals and provide a source of information and peer support. An association can also be a vehicle for collective action through advocacy campaigns to improve the regulatory or financial environment for family child care. Although some of the information and support provided by associations may be similar to more formal networks or systems, associations do not have paid staff and do not provide labor intensive services. Local associations can complement and enhance the work of networks and systems.

The Role of Local Community Organizations

A range of local community-based organizations – including community development corporations (CDCs), social and human service agencies, settlement houses, child care resource and referral agencies (CCR&Rs) and child care centers – have sponsored family child care networks, systems and satellite homes in their neighborhoods. Strong community groups have more capacity and are better positioned than individual family child care providers to understand the local market, assemble appropriate resources and connect providers and families with the services and supports they need. Efforts to coordinate and convene providers are more effective when they are community-based so that providers can develop closer personal relationships with each other and with the sponsoring organization. For example, one study of family child care networks in New York City found that when training and support group services are spread out over large distances, inconvenient transportation can make meetings more time consuming, less convenient and more costly, and therefore more difficult for providers to participate.[xix]

Community organizations have been able to use their neighborhood base and credibility with residents to reach out to local families and providers. United Neighborhood Houses, the umbrella organization for settlement houses in New York City, supports family child care networks through its Neighborhood Networks for Family Child Care program. Settlement houses provide a good example of established and trusted institutions that have been providing a range of social and human service programs to local families for years, and as a result bring security and confidence to providers and parents. Local nonprofit organizations are often more trusted in poor communities than government agencies, and can be particularly effective in reaching ethnic and linguistic minorities.

Community developers like CDCs initially approach the child care arena as developers, and often want to build new child care facilities in their communities. However, CDCs are increasingly engaged in a wide range of community revitalization activities that can strengthen and support the family child care arena. Many CDCs have microenterprise experience and can provide lending, technical support and training to small business start-ups. Most CDCs also have built-in constituencies through their housing developments, and can recruit residents as providers and organize them into networks. CDCs can also secure capital resources to renovate or improve family child care homes, connect providers with homeownership programs, or even make housing units available for providers in their new developments.

CDCs and other community agencies have been able to use their organizing and planning experience to mobilize residents and providers and work towards strengthening the local child care system. With a strong institutional base and grassroots support, community development organizations have been able to bring visibility to the child care agenda and advocate for resources and more favorable regulations for family-based providers.

Child care resource and referral agencies (CCR&Rs) represent another type of community organization that is playing a role in family child care networks. CCR&Rs are state-funded programs that bring together consumers and providers of child care services and maintain a database of regulated child care providers. Many CCR&Rs play a significant role in expanding the supply of regulated child care by recruiting and training providers as well as referring parents to local child care services. Child Care Inc., a strong CCR&R in New York City, has launched a Family Child Care Business Resource Center to provide coordinated business management and capacity-building support to family child care networks. In California, an effective network of CCR&Rs has become the vehicle for providing training and technical assistance to family child care providers through the California Child Care Initiative Project.

A number of community-based agencies that offer an array of services for children and families are creating or sponsoring family child care networks. In the Consortium for Worker Education's (CWE) Satellite Child Care Program in New York City, home-based providers are linked to larger, center-based child-serving agencies for monitoring, training and supervision. CWE employs the home-based providers directly, and provides technical assistance to the agencies.

Ingredients of Successful Networks and Systems

A growing number of community-based organizations are seeking to expand the supply and improve the quality of home-based child care by implementing a range of networks and systems.

Some programs try to enhance the skills and increase the capacity of existing, but under-enrolled, providers; other efforts recruit new providers as a part of a local job creation or welfare-to-work strategy. Most networks target their services to providers who are regulated or want to become regulated, but programs are increasingly reaching out to relative and other informal caregivers, many of whom will remain unregulated. What all networks have in common is the aim to create better working conditions for providers and more stable, high quality supports for working parents and their children by improving the quality and economic viability of family child care businesses. A series of case studies at the end of this paper describes a range of different approaches – from loose network to formal system to employment – and their results.

The most successful strategies are implemented through capable, locally-based institutions with dedicated staff, that offer a combination of services and supports in both business development and child development to address providers' multi-layered needs:

Network Coordinator – Local organizations typically employ at least one staff person to organize network services for a group of family child care providers with complex and diverse needs. Providers often turn to coordinators for an understanding ear or help with day-to-day frustrations. A number of networks have faltered because of tensions between the coordinator and the providers, frequent turnover in the coordinator position, or the lack of a full-time staff person. Networks with time-limited funding have struggled with how best to offer guidance and support to providers without encouraging long-term dependence.

Recruitment – Many family child care providers enter the field as a casual extension of their own parenting, or to help out other family members or neighbors. Others may feel pressured to pursue family child care occupations as their TANF benefits run out. However, research has shown that women who become family child care providers based on their professional interest are more successful and provide higher quality care. Networks can play a role by using rigorous and thoughtful screening to identify and recruit women who have an aptitude for child care work and are capable of starting a small business. Networks can use their orientation and training programs not only to educate, but to observe providers and to place continuous demands and expectations on them as a way of weeding out those who are less suited to enter the profession.

Networks with the best results also visit providers' homes and review current requirements for licensing and regulation early on in the process. Project Opportunity – a family child care network in Virginia – found that many TANF recipients in danger of losing their benefits were eager to become family child care providers, but could not pass criminal background checks

after completing the training.[xx] A state-funded effort in Massachusetts that trained women coming off welfare for family child care jobs discovered after the training program that many women did not have suitable homes for child care businesses.

The experience of a network in Indiana provides an example of a program that may have unintentionally attracted women who were more interested in housing benefits than child care jobs. The network sponsor – a community developer – had renovated many units of housing in low-income neighborhoods and was involved in small business development activities. The organization decided to develop housing and create a network of support for family child care providers occupying some of the new units. Although potential providers conducted a self-assessment to determine their interest and suitability for family child care work, some experts familiar with the program theorize that the providers were more interested in the new subsidized housing than they were in becoming family child care providers, and as time went on, the number of active providers in the network significantly declined.

Training – Research has shown that training has a positive impact on the quality of services provided by helping caregivers interact better with children and parents. In fact, one study of a family child care training program concluded that 15-25 hours of training - what most states require - may not be enough to offer providers the skills needed to work effectively with children in a home-based setting.[xxi]

Acre Family Day Care runs a nationally recognized family child care system outside of Boston, Massachusetts and provides a 240 hour training program in a state that requires 15 hours of training over a three-year period. Like other successful network programs, Acre's training includes both classroom and internship components, and combines early childhood education with business skills. But unlike many other programs, Acre's training is offered in the language of the participants – including Khmer, Spanish, Vietnamese, Cambodian and English – and is adapted to different cultures.

Small Business Support – Family child care providers are often seen as babysitters rather than professional early childhood educators and small business operators. Networks can offer a package of business assistance supports to help providers get licensed, equip their homes, market their services and set up good policies and procedures. The Cypress Hills Local Development Corporation in Brooklyn, New York provides a broad range of business support services to providers in its network, including technical assistance on establishing record-keeping systems, obtaining insurance, designing marketing flyers and business cards.

organizing and equipping their homes, generating contracts with parents, filing taxes, and accessing subsidies and other financial resources.

Networking and Peer Support – To decrease isolation and increase access to information and resources, family child care networks bring providers together to share their knowledge and experience and provide peer support. Quality Care for Children (formerly Save the Children) has helped to establish a number of community-based networks in the Atlanta area, and found that the most successful family child care providers are good networkers who offer and receive referrals and are willing to share information and their experience with others. For example, many family-based providers find that being part of a network has helped reduce vacancies through word of mouth and personal referrals from other providers who are fully enrolled.

Many networks encourage providers to join or form local associations. A goal of the Chamblee/Noraville/Norcross Community Child Care Partnership set up by Quality Care for Children was to help providers develop their own professional organization and increase membership by at least 20%. The Asociacion de Lideres Latinas para el Cuidado Infantil en el Hogar formed in 1997 with 15 members, which increased to 35 by 1999.[xxii] ROSE CDC provides scholarships for membership in the local chapter of the statewide Provider Resource Organization (PRO). A strengthened PRO has been instrumental in securing grant funds for provider training and in advocating for changes in the state's child care regulatory system. During last year's legislative session, providers gave testimony and used letter-writing campaigns to secure requirements for basic training and home visits.

While most networks focus their efforts on providers who are regulated or are working toward getting licensed, a number of programs have started to reach out to informal caregivers who seek information and interaction with other providers as a strategy for improving the quality of care they offer. The Enterprise Foundation, Child Care, Inc. and Bank Street College have collaboratively launched a project in New York City helping three CDCs develop family child care networks to provide information, training, equipment and materials and peer support to kith and kin providers as well as regulated providers. These efforts have helped providers introduce safety features in their homes, improve their activities with children, and in most cases, negotiate the registration process to become regulated.

Access to Capital – The economics of family child care are always challenging, but making ends meet is especially difficult at start-up, before a home is fully enrolled. It can take months and sometimes up to a year to reach capacity, and most providers still experience variable

enrollment over time. Also, many providers face frequent delays in receiving public subsidy payments, and end up subsidizing the parents they serve. As a result, an infusion of start-up capital is often needed to cover the cost of licensing or registration fees, health and safety equipment, insurance, and educational materials and toys. Many networks offer small grants, loans or start-up kits to providers. The Consortium for Worker Education purchases a kit for each new provider that contains basic items like a smoke detector, fire extinguisher and first-aid kit. Other programs provide small grants to help providers install equipment like radiator covers and window guards.

Traditional lenders have not engaged at all in family child care micro-lending, citing high transaction costs and low profit margins. Since loans to family child care providers are as small as $500 and extremely staff intensive, they are not cost effective for conventional banks. Also, in many cases, family child care providers do not have the required family income or credit history to qualify. For this very reason, most networks have concluded that micro-lending activities for family child care providers can complement the package of services and supports they offer, but are generally not viable on their own. Although many providers may initially express interest in loans, most are ultimately too afraid to borrow money, or simply do not have the cash flow to pay back any debt.

When the ROSE CDC first introduced its family child care lending program, dozens of inquiries were received from providers. However, over the last several years the CDC has closed on just three small loans totaling about $10,000. To make these loans work, ROSE CDC offered substantial one-on-one business support – estimated as high as 50 hours for one loan – to help providers file back taxes and compile records. Although one provider borrowed $5,000 to build an addition to her home which doubled the size of her child care space and tripled her income, the lending program was recently discontinued because of a lack of demand for debt resources combined with the high cost of administering the program. The Cypress Hills Local Development Corporation has found that group family child care homes are more economically viable than small homes, and provide a better market for its loan fund.

Housing Assistance – Many networks help providers improve and repair their homes to meet licensing requirements. Some networks have also realized that one of the keys to attracting and maintaining families is to set up homes that are clean, inviting and well-organized for child care activities. The Consortium for Worker Education helps providers arrange their homes to look like an offsite classroom, with an area designated for child care, shelving for supplies, a bulletin board with emergency numbers, state certificates displayed, records kept appropriately, a separate diapering area, etc.

Networks operated by community developers who own or manage housing are best able to link providers to available housing or housing financing, or assist them with home improvements or repairs on existing units. For example, the Cypress Hills Local Development Corporation integrated its family child care work with its neighborhood revitalization efforts. The LDC has been able to connect providers with its FirstTime Homebuyer Club, through which five family child care providers have purchased homes. Community developers can also notify providers of affordable housing they are building, or even create specialized housing units for family child care use. The ROSE CDC recently renovated a 1,900 square foot home with a designated space for child care, and sold it at a below market rate to an experienced child care provider from the community. The group now has plans to build two more family child care units in a new construction housing development.

Networks can also play a role in facilitating provider relationships with landlords, who are often concerned about their liability if a child gets hurt on their property, as well as additional traffic in the development and wear and tear in the unit. Child Care Inc.'s Business Resource Center offers technical information to family child care networks on a range of topics including landlord liability issues.

Ongoing Professional Education and Supports – With little time and few resources to pursue ongoing training or other professional development activities, family child care providers have few opportunities to upgrade their business skills or advance their careers. Some networks provide only initial training to help providers comply with state regulations and get licensed, but the most successful networks support providers over the long-term by continuously offering training, education and skills-building programs. Acre Family Day Care provides ongoing educational opportunities and job readiness training in computers, English as a Second Language and child care degree programs. CWE's Satellite Child Care Program plans to install a computer in every provider's home. Many networks also help providers become regulated and offer scholarships for work toward their CDA credential or accreditation.

Most family child care providers work for over ten hours a day without a break. A number of networks, such as Neighborhood Networks for Family Child Care formed by United Neighborhood Houses in New York City, have developed programs that offer backup child care for emergencies, vacations and illness, or on-site child care at provider training or support group meetings. The ROSE CDC's Child Care Neighbor Network established a Time Traders program that allows participants to trade their time for services, and has enabled home-based providers to benefit from volunteer storytellers and house cleaners.

Generating Increased Revenues – While most network services and supports are aimed at improving the quality and viability of family child care businesses, a significant long-term goal for family child care providers is to generate more income. Unfortunately, there are a limited number of strategies to achieve increased revenues. Providers in low-income neighborhoods rely heavily on poor families who qualify for public subsidies set by the state. It is very difficult for providers in these neighborhoods to attract families with a mix of incomes. Even families who pay out of their own pockets for child care services tend to be low-income, and could not afford to pay increased rates charged by their providers.

Networks can play a valuable role in educating providers about subsidy sources, and in linking providers to financial resources to support their operations. The U.S. Department of Agriculture's Child and Adult Care Food Program, for example, can be a major source of revenue for family child care providers. The USDA administers the program to provide nutritious meals to low-income children under 12 in licensed centers or homes. Since home-based providers must participate under the aegis of an approved nonprofit sponsor, many networks either administer the food program directly, or refer providers to a food program sponsor. In addition, since the program requires home visits on a quarterly basis, the food program is a way to monitor and support providers that goes beyond nutritious meals.

Other network strategies designed to increase or stabilize provider income include helping providers take appropriate deductions on their income taxes to maximize their business revenue; setting up Individual Development Accounts for education or housing expenses; and setting up a scholarship fund to help parents pay for child care services in cases of emergency or when they have trouble accessing the subsidy system.

Increasing the payment rate on public subsidies would have the greatest and most direct impact, although it is the most difficult goal to achieve. Since subsidy reimbursement rates are set at the state level, networks can help providers organize advocacy campaigns for higher rates. In Massachusetts, Acre Family Day Care has played a role in securing increased reimbursement rates for family child care providers. In New York City, the Consortium for Worker Education has launched an advocacy campaign with the city in an attempt to secure a reimbursement rate that is higher than the existing family child care network rate and will more effectively cover the costs of the program's model of enhanced care.

The Consortium's Satellite Child Care Program is one of the few organizations implementing a model in which home-based child care providers are actually employees of the program. Providers become members of local DC1707, the child care worker union, and are paid a

starting salary of $18,200, which is equivalent to an assistant teacher. This approach gives providers a guaranteed income, regardless of fluctuations in enrollment.

The Role of National Organizations and Intermediaries

A growing number of programs to bolster family child care businesses are taking off in local neighborhoods nationwide. However, the community-based organizations that typically implement these initiatives have not had the time or ability to share lessons learned to advance the field. A growing number of specialized national organizations are contributing a wealth of information and support to the work of family child care networks and systems through research, policy analysis and advocacy, and by convening forums and producing resource materials to exchange information and ideas on best practices.

Quality Care for Children has played a lead role in creating a number of family child care networks in neighborhoods in metropolitan Atlanta. This organization is now collaborating with Child Care Inc. to produce a resource paper on successful family child care networks in Atlanta and New York to stimulate thinking about best practices nationally. Quality Care for Children also sponsors an annual family child care conference that has become a major forum for the exchange of ideas on family child care. The Children's Foundation established a provider network on the local level – in this case in Virginia - but nationally publishes a yearly Family Child Care Licensing Study, a newsletter and other resource materials. The National Association for Family Child Care (NAFCC) – the umbrella organization for over 400 family child care associations around the country – sponsors another important annual conference, circulates a newsletter, and offers information on regulations, accreditation and legal issues. NAFCC was also closely involved in the national Family Child Care Accreditation Project at Wheelock College. Finally, the National Center for Children in Poverty convened a symposium and produced a number of issue briefs on different approaches to supporting kith and kin caregivers.

The Child Welfare League of America (CWLA) has recognized that there are a number of different mechanisms for supporting family child care providers – such as networks, systems, and associations – but there is not yet consensus in the field about how to characterize these different structures. Acknowledging the need for clarification, CWLA's National Child Day Care Task Force is planning to produce a paper that attempts to better define and describe these support mechanisms. CWLA has posted a draft discussion piece on its web site, and continues to offer workshops on the topic at a national and regional child care meetings.

A number of national community development organizations have turned their attention to family child care as well. The Local Initiatives Support Corporation partnered with the National Economic Development & Law Center to sponsor a national conference on "Community Development and Family Child Care" that explored the role of CDCs in implementing networks, legal and regulatory issues facing landlords, and design strategies for housing units. The legal experts at this forum concluded that family child care is legally permissible in housing financed with Low Income Housing Tax Credits, but questioned whether units could be specially designed or marketed for providers. The Enterprise Foundation has also launched a national child care program, which is implementing a range of initiatives to support home-based providers through networks offering training and peer support, as well as opportunities for homeownership and home repairs. Enterprise plans to evaluate the strategy and impact of these programs and will share lessons learned nationally.

III. RESOURCES AND FUNDING

Network Costs

Family child care networks and systems require ongoing funding. However, since public subsidies and parent fees do not cover the full cost of care, family-based providers in low-income neighborhoods do not have the option of using their own revenues to contribute toward the cost of implementing a network of services.

To operate a network that provides a minimum level of basic recruitment and training services, the sponsoring organization must typically hire a full-time coordinator, which represents the major network expense. Depending on the range of services offered and the resources available, some organizations include the cost of administrative staff, office and meeting space, supplies and training materials, part-time community organizers, housing experts or other specialized staff. While network structures and services range considerably, and costs vary by geographic area, a budget for a family child care network with a full-time coordinator and part-time assistant serving no more than 50 providers in an urban area might cost roughly $90,000 a year. With a budget of this size, a network might recruit and train providers, offer at least one site visit per provider each year, and provide a modest level of technical assistance. Smaller operations with part-time coordinators that are involved in a variety of other organizational duties unrelated to family child care have much smaller budgets but have not proven effective.

As the family child care network industry grows and develops, networks are increasingly seeking resources to support more enhanced and intensive services and supports for home-based

providers. Neighborhood Networks for Family Child Care, operated by United Neighborhood Houses in New York City, is proposing a network model with an annual budget exceeding $400,000 for a network of 63 providers serving 250 children. In addition to a full-time network director and assistant director, recruitment and education managers (one for each 20 providers) would offer providers ongoing training and over 20 technical assistance visits each year; a specialized health coordinator would perform home visits, make sure children are properly immunized, and assist providers with nutrition and meal planning; and a social worker would provide referrals, developmental screening and family counseling support services. Although UNH strongly believes that this model is necessary to support high quality family child care services, the high cost has prevented the program's participating networks from fully implementing this approach.

The Public Sector

With the introduction of welfare reform, Congress has appropriated substantial funding for child care to serve low-income families – especially those transitioning from welfare to work. On the federal level, the Head Start program has been developing resources to support family child care care. New research on the importance of brain development and early learning has also led many states to invest in early childhood education initiatives. The majority of states are investing their resources in preschool and school readiness initiatives for three and four years olds in center-based programs. A growing number of states are considering or have passed legislation for universal preschool services for this age group.

While many states have pursued programs to recruit welfare recipients for family child care jobs, few have made major investments in programs that provide comprehensive business supports to family-based providers. A number of states fund administrative costs for family child care networks and systems, but this support has been modest. Publicly funded family child care systems and some networks provide a small stipend to support administrative costs, but most organizations sponsoring local networks or systems agree that public sector funding does not cover the cost of enhanced training and business support services. Massachusetts currently has the highest level of public reimbursement for family child care systems in the country, which provides about $10 per day per child to the system for overhead. According to Acre Family Day Care, this is just enough to cover the cost of administering the subsidies on behalf of providers. Systems implemented in Massachusetts, including Acre, have required additional funding from private sources.

A number of states have used the Child Care Development Fund (CCDF) to focus some resources on training and support for family child care providers, primarily those serving infants and

toddlers. (States have broad discretion in allocating a minimum of 4% of the CCDF's quality set-aside for quality improvements, and have used a portion of this funding to support family child care efforts.) Florida, for example, purchased resource mobiles and staffed them with a child development specialist to serve family child care providers throughout the state. Oklahoma provides a rare example of a state initiative that invests directly in a family child care network project. Using funds transferred from the state's TANF program to the child care block grant, Oklahoma launched a three-year Family Child Care Network demonstration program with the goal of recruiting new providers, and offering training, technical assistance, home visits, and ongoing professional development activities.

An increasing number of states are offering small grants for equipment, access to training, and higher levels of public reimbursement to regulated family child care providers. Maryland, for example, established a Family Child Care Provider Grant Program to cover the cost of safety equipment, home repairs and registration fees needed to comply with state and local regulations. In Vermont, infant caregivers get access to training, technical assistance and cash bonuses if the provider is registered, is (or is seeking) accreditation, has a business plan, and serves at least two publicly subsidized children. A number of states simply pay higher rates or offer cash bonuses for providers who become licensed or accredited. Others are reaching out to unregulated providers including relative caregivers, through free training that makes them eligible for cash bonuses (e.g. Michigan) or higher reimbursement rates (e.g. Tennessee).

Many states have introduced parent copayments for subsidized child care, with higher rates for regulated care. Wisconsin, for example, created a new category of "provisionally certified" care that allows providers to care for up to three children in their home without any training. Parents are offered a 30% discount on their copayment for using this type of care instead of regulated family child care or center-based care. Advocates are concerned, however, that while offers of training, bonuses and higher payments may create positive incentives for providers to become regulated, reducing the cost of informal care can have the adverse effect of creating a two-tier system where poor children are relegated to lower quality care.

The Private Sector

While most family child care networks and systems rely on some amount of private funding to support their initiatives, there are few national sources to turn to. There are only a limited number of national foundations involved in the early childhood arena, and few focus specifically on family child care. Even the larger and more sophisticated family child care network projects cite difficulty attracting national funding, finding it challenging to convince large philanthropies that these local

efforts have broad implications and can be replicated elsewhere. Some national foundations have provided support for local initiatives in their headquarter cities or special geographic target areas, although these contributions have been modest. Large multi-year grants have been awarded to national organizations like the Enterprise Foundation and LISC for their national child care efforts, which include both facilities and family child care. Network projects have had the most success attracting funding from local foundations. The Cleveland Foundation, for example, is supporting the local CCR&R agency's effort to launch a family child care network program in Cleveland, Ohio.

The Early Childhood Funders Collaborative is one potential vehicle for supporting this arena. The Collaborative was formed in 1993 with 12 members, which has since grown to 28, including a mix of national, regional and local foundations with a variety of funding strategies. Although the Collaborative has not focused explicitly on family child care, its broadly defined mission is to increase the overall visibility and importance of quality in early childhood care and education programs, and to secure increased public and private investments for this purpose. The Collaborative is currently exploring potential strategies for future grantmaking activities.

MAJOR FINDINGS

Family child care is the type of "out of home" care most frequently used by low-income families, but it is often of the lowest quality. The family child care system is underfunded and poorly organized, especially in socioeconomically distressed communities. Home-based providers work long hours for low and often unstable income. Most providers have minimal if any contact with other adults doing similar work, and have little access to educational and professional development activities. Because of the unfavorable economics, isolation and stress of family child care work, providers often end up marginalized in their fields and in their lives. Without access to training or interaction with other providers, turnover in the field is high, and the quality of care suffers.

Welfare reform has sparked considerable interest in family child care by state policymakers striving to meet new demands for service delivery. Many states believe that family child care may be a faster and less expensive way to create jobs and expand child care options than creating new facilities, and over half the states are implementing programs to recruit welfare recipients for family child care work. But few states have made major investments in programs that provide comprehensive business and training supports to family-based providers.

Family child care networks and systems have emerged as a promising industry to strengthen and support family child care providers in low-income neighborhoods, to increase both the supply and the quality of care provided. These support mechanisms help home-based providers break down the barriers they face in operating viable businesses in a poorly funded and highly fragmented child care system. For a relatively modest cost, networks and systems can recruit and train women with the interest and ability to become providers, and can offer ongoing support to help increase the capacity and viability of family child care businesses. Provider associations can complement the work of more formal mechanisms; but without paid staff, associations can not offer providers the variety and intensity of services that have proven successful.

Successful family child care networks and systems offer a combination of services and supports to address providers' multi-layered needs, in both small business development and child development. Family child care providers face many of the challenges of other small businesses, but because of the specialized nature of their operations, they require a package of resources and supports to help them start up, market and manage their operations as well as specialized training to help them understand how to interact effectively with children and parents. Micro-lending activities can supplement the network's offerings, but have not proven viable on their own and require substantial business support to providers to show good results.

Nonprofit community-based organizations have been instrumental in launching a variety of innovative family child care networks and systems to support providers in their neighborhoods. Strong, capable community groups are better positioned than individual providers to assess the local market, assemble resources and mobilize providers and parents. In particular, community development organizations have specialized expertise in housing and economic development, as well as community organizing and planning, which can strengthen and support providers.

Networks can play a significant role in affecting systems change. Networks can help mobilize providers, bring visibility to the child care agenda, and advocate for resources and more favorable regulations for family-based providers. The most pressing problem facing home-based providers is that public subsidy reimbursement rates do not cover the cost of operating a high quality family child care business. Strategies to increase public payment rates would therefore have the most significant impact on the viability of these businesses. States also need to be persuaded to incorporate the costs of running a network or system into their overall child care budgets. A number of networks and systems have been successful in educating public officials and securing increased public payment rates for providers and networks. Other networks have been able to engage providers in the policy debate, and have achieved key changes in state regulations for family child ca training and home inspections.

The lack of stable funding is the most pressing problem facing family child care networks and systems. Identifying sources of funding for a network's operations and administration can be challenging. In low-income communities, it is not feasible for providers to pay for network services from their revenues. They rely heavily on public subsidies from income eligible families with low rates set by the state that do not cover the full cost of providing care. Even neighborhood families who pay for services out of their own pockets tend to be low-income. A number of states fund some administrative costs for family child care networks and systems, but this support has been modest and does not cover the cost of enhanced training and business support services. Most networks and systems turn to private foundations for support, and have secured modest support from local grantmakers. However, there are few national foundations focused on family child care that are able to help seed or support local initiatives.

Additional work is needed to create a more supportive housing environment for family child care providers. A number of networks – especially programs administered by community development organizations – have provided valuable resources and assistance to help providers set up and repair their homes. Others have linked providers to housing in their developments, or are adapting new units for providers. However, many family child care providers still face problems with less friendly building owners or managers who question the legality of running a family child care business in residential housing, and are worried about liability, traffic, noise, and wear and tear on their units. Further research, education and outreach is needed to clarify outstanding legal issues and help landlords appreciate the benefits of locating family child care in their housing.

Approaches to networks and systems could benefit from more analysis of successful practices and lessons learned, but few organizations implementing these programs have the resources or staff time to conduct evaluations. Given the small size and intimate nature of family child care, and the limited ability of states to enforce regulations, family child care can be hard to understand and assess. While many networks and systems have been operating for years, few have had the resources or time to formally evaluate their efforts. Although kith and kin care is widely used in poor communities, few network efforts focus on unregulated providers, and it remains a segment of family child care that is largely untested. Welfare reform has spurred a number of innovative approaches that target TANF recipients, and these programs will need to be monitored and evaluated. The few evaluations that exist have been conducted over the short-term and are not able to track the tenure of providers. It is important for practitioners, researchers, funders and policymakers to better understand what strategies are working, whether they are replicable, and what financial resources and technical assistance are needed to ensure future success.

In the long-term, the family child care industry will need a significant increase in public funding to meet the demand for quality care in low-income neighborhoods across the country; in the short-term, private funding is essential to meet pressing needs and help advance the growing family child care network industry. At this juncture, financial support can be most effectively utilized to strengthen the emerging infrastructure of local and national organizations that support the development of well-functioning networks. Specific actions could include seed funding to test pilot a growing number of innovative approaches to expanding and improving family child care businesses; operational support to enlarge and replicate strategies that have succeeded in individual communities; and resources to carry out research, policy analysis and public education to create a more supportive funding, housing and regulatory environment for family child care providers. There is also a need to promote effective mechanisms for documenting and disseminating lessons learned and best practices, and for providing ongoing communication within this maturing but still fragmented industry.

ENDNOTES

[i] The *1997 Family Child Care Licensing Study*, The Children's Foundation, Washington, D.C. p. xviii

[ii] Ibid., p. xxiii

[iii] Ellen Galinsky, Carollee Howes, Susan Kontos, Marybeth Shinn, *The Study of Children in Family Child Care and Relative Care*, Families and Work Institute, 1994, p. 4.

[iv] *Welfare Reform: Implications of Increased Work Participation for Child Care*, U.S. General Accounting Office, HEHS-97-75, May 1997, p. 3.

[v] Center for the Child Care Workforce, *Issue Briefing: State Initiatives to Train TANF Recipients for Child Care Jobs*, Washington, D.C., Center for the Child Care Workforce, as cited in Marcy Whitebook and Deborah Phillips, *Foundation for Child Development Working Paper Series – Child Care Employment: Implications for Women's Self-Sufficiency and for Child Development*, January 1999, p. 9.

[vi] *Child Care: Promoting Quality in Family Child Care*, U.S. General Accounting Office, GAO/HEHS-95-36, December 1994, p. 3, citing S. Hofferth, A. Brayfield, S. Deitch, *Caring for Children in Low-Income Families: A Substudy of the National Child Care Survey*, 1990, Washington, D.C., Urban Institute Press, 1991, p. 23.

[vii] Ann Collins and Barbara Carlson, Children and Welfare Reform Issue Brief 5: *Supporting Family, Friends, and Neighborhoods Caring for Children*, National Center for Children in Poverty, 1998, p. 3.

[viii] Magaly Queralt and Ann Dryden Witte, *Influences on Neighborhood Supply of Child Care in Massachusetts*, Magaly Queralt and Ann Dryden Witte, University of Chicago: Social Service Review March 1998, University of Chicago, P. 42.

[ix] Amy Johnson and Alicia Meckstroth, *Ancillary Services to Support Welfare to Work*, Mathematica Policy Research, Inc., June 22, 1998.

[x] Susan Kontos, *Family Day Care: Out of the Shadows and Into the Limelight*, Research Monograph of the National Association for the Education of Young Children, Volume No. 5, Washington, D.C. 1992, p. 83.

[xi] Jan Stokley and Emily Heumann (NEDLC), Joe Nation, PhD (Economics On Line), Marty Petsche and Vivian Cho, Kristin Anderson, PhD (Child Care Coordinating Council of San Mateo County), *The Economic Impact of Child Care in San Mateo County*, July 1997, National Economic Development and Law Center, p. i.

[xii] Dan Bellm, Alice Burton, Renu Shukla and Marcy Whitebook, *Making Work Pay in the Child Care Industry: Promising Practices for Improving Compensation*, National Center for the Early Childhood Workforce, Washington, D.C., 1997, p. 14, citing A. Burton, M. Whitebook, L. Sakai, M. Babula, and P. Haack, *Valuable Work, Minimal Rewards: A Report on the Wisconsin Child Care Work Force*, Washington, D.C.: National Center for the Early Childhood Work Force, and Wisconsin Early Childhood Association, 1995.

[xiii] Marcy Whitebook and Deborah Phillips, *Child Care Employment: Implications for Women's Self Sufficiency and for Child Development*, The Foundation for Child Development Working Paper Series, January 1999, p. 3.

[xiv] Gallinsky, Howe, Kontos and Shinn, p. 45.

[xv] There is particular controversy about whether it is legal to operate a family child care business in housing that has been financed with Low Income Housing Tax Credits. Most legal experts agree that it is allowed, although no formal opinions have been issued.

[xvi] Dan Bellm, Alice Burton, Renu Shukla and Marcy Whitebook, p. 14.

[xvii] Whitebook, Phillips and Howe, *The National Child Care Staffing Study Revisited: Four Years in the Life of Center-Based Child Care*, Washington, D.C., National Center for the Early Childhood Work Force, p. 10.

[xviii] Gallinsky, Howe, Kontos and Shinn, p. 4.

[xix] Larner, Mary and Nina Chaudry, *Promoting Professionalism through Family Day Care Networks, A Study of Child Care, Inc.'s Neighborhood Child Care Initiatives Project*, National Center for Children in Poverty, Columbia University School of Public Health, August 1993, p. 32.

[xx] *Project Opportunity: Empowering Low-Income Parents with Infants and Toddlers – A Public-Private Welfare Reform Family Child Care Demonstration Project*, Sponsored by The Children's Foundation and the Office of Early Childhood Development, Alexandria, Virginia, March 31, 1997, pp. 13, 15 - 16

[xxi] Sheila Smith, *The Past Decade's Research on Child Care Quality and Children's Development: What we are Learning, Directions for the Future*, New York University, Child and Family Policy Center, School of Education, April 1998, p. 17.

[xxii] Julie W. Chambles, PhD, James G. Emshoff, PhD, Nadya Khatchikian, EMSTAR Research Inc., *Chambleee/Noraville/Norcross Community Child Care Partnership, Evaluation Report*, June 23, 1999, pp. 53-54.

CASE STUDIES

ROSE Community Development Corporation Child Care Neighbor Network, Portland, OR

Background - ROSE CDC was established in 1992 to address poor housing conditions in southeast Portland, Oregon, and has to date developed over 200 units of affordable housing. In 1994, the CDC's strategic plan identified the need to expand beyond housing. A community survey revealed that 50% of parents needed child care, but fewer than 15% of home-based providers were fully enrolled. ROSE CDC concluded that providers needed business support to build their capacity and improve their marketing. The Child Care Neighbor Network was launched in 1996 to strengthen local child care businesses and address the community's child care needs.

Approach - The Network reaches out to all registered providers in the area through opportunities for peer networking and access to information, resources and training. Providers receive assistance in business start-up, marketing and setting up contracts with parents; scholarships to attend CPR/First Aid classes, professional conferences and community college courses; and access to a lending library of toys and educational materials. A Time Traders program in which community members "bank" donated hours and use their time credits to access services from other participants has been adapted to support family child care homes. New resources have enabled ROSE CDC to create "Provider Share" – a small and highly structured network of 12 providers that receive targeted training, grant resources and support. To build peer support, the Network decided to strengthen and work through the existing statewide provider association – the Provider Resource Organization (PRO) – by paying membership fees and arranging for child care support during meetings. With input from neighbors, providers and architecture students, ROSE CDC seeks to include family child care units in its housing developments.

Results - ROSE CDC discovered that providers were "hungry" for training and support. Over the last two years, over 75 providers attended business workshops or received technical assistance, and over 40 providers received grants to purchase equipment and materials to improve their businesses. Most providers – other than start-ups – are now operating at capacity and offer referrals to other Network members. The CDC recently renovated a 1900 square foot home for use by an experienced family child care provider; two more homes are now in planning as part of a ten-unit new construction housing development. When the Network was first launched, PRO was seen as a weak and ineffective association with just five or six members. With the CDC's assistance, PRO's membership grew to 65 providers in just two years. In 1998 PRO wrote its own grant proposal to the city and received funding for an early childhood training program for

providers. For the first time, family child care providers are actively engaged in the policy debate, and have achieved key changes in state regulations for family child care training and home inspections. For example, now every home-based provider in the state must have a home visit and have completed basic training in CPR and first aid, child abuse and neglect, and child care.

Funding - ROSE CDC does not benefit from an ongoing source of public funding to support the administrative expenses of running the Child Care Neighbor Network. Over the last several years, ROSE CDC has raised funds from a variety of private and public sources to support the Network's operations, including the Surdna and Enterprise Foundations, the state, the county and the City of Portland's Bureau of Housing and Community Development. Local banks supported the Network's loan fund, which was recently discontinued.

Acre Family Day Care, Lowell, MA

Background - Acre Family Day Care started as a program of the Coalition for a Better Acre, the largest CDC in Lowell. In the late 1980s the Coalition decided to focus on women's economic development issues in an effort to meet the needs of Lowell's large immigrant population, which was experiencing high rates of unemployment and public assistance. The CDC pursued family child care as a strategy to move women into the workforce quickly, and to provide greater access to neighborhood-based and culturally appropriate child care services. Its family child care program was spun off from the Coalition as Acre Family Day Care in 1991.

Approach - Acre Family Day Care is a family child care system. A state contract provides a guaranteed number of subsidies for the family child care providers that are part of the system. Acre's program also offers training, education and business supports for the providers in its system, as well as advocacy efforts to improve the financial and regulatory environment for family child care in the state. Although the State of Massachusetts requires just 15 hours of training over a 3-year period, Acre offers a 12-week training in the language of the participants that includes classroom work and an internship component. To supplement ongoing telephone consultation, Acre's staff conduct monthly home visits and organize monthly peer support meetings. Providers can also access ongoing educational opportunities like English as a Second Language or professional development activities such as pursuing a CDA credential. In 1998 Acre raised grant funding to initiate an Individual Development Account program to help providers save money to invest in their educational or professional development or a new home.

Results - Since a contract with the state guarantees a set number of family child subsidies, Acre can monitor the market, determine how many new providers are needed, and continue to offer

providers a ready supply of families. In the year 2000, average business revenue for providers from Acre's system was $35,000 (before taxes and expenses, but not including the USDA food program or private income). Many providers have been with Acre's system for 4 to 6 years. Almost half of the providers in Acre's system have received or are in the process of receiving a CDA credential, and many are taking college courses for the first time. Acre has also been successful in the advocacy arena and helped achieve a subsidy rate increase by mobilizing providers to speak at public hearings and political rallies. Acre also determined that culturally appropriate child care licensors can make a difference in getting ethnic minorities licensed, and persuaded the Massachusetts Office for Children to hire its first Cambodian and Latino licensors. Given its success, Acre has received numerous requests for assistance in setting up systems or networks in Massachusetts and other states. Acre's recently launched Massachusetts Institute on Family Child Care Systems helps other organizations improve their management of family child care systems and advocate for stronger public investment in systems in Massachusetts and elsewhere in the country.

Funding - As a system, Acre receives a per child "add-on" of about $10 per child per day for each family child care subsidy it administers for the state. Although Massachusetts is recognized as the state providing the most ample public support for systems, Acre and others agree that the state stipend is not enough to cover the cost of specialized training and business assistance. Acre continues to raise funds from a variety of other local foundations and public agencies.

Consortium for Worker Education Satellite Child Care Program, New York, NY

Background - The Consortium for Worker Education is a nonprofit organization providing education, training and reemployment for 30,000 New York City residents each year. In New York City there has been a dramatic drop in public assistance caseloads, but most of the jobs secured by former TANF recipients pay low wages for long hours and poor working conditions. At the same time, over 30,000 low-income children are on waiting lists for subsidized child care in New York City. As a result, CWE decided to embark on a strategy to improve the quality and stability of home-based child care, while promoting job retention and career development for these providers.

Approach - Designed as a welfare-to-work initiative in 1998, CWE's Satellite Child Care Program recruits, screens, and trains TANF recipients and other low-income women to be home-based child care providers. Providers become employees of CWE, and receive a guaranteed salary with benefits; ongoing supervision, support and mentoring; and training and professional development opportunities. Participating providers become members of local DC1707, the child care worker's union, with a $18,200 starting salary that is equivalent to an assistant teacher in a child care center.

Providers also receive vacation, sick leave, education and pension benefits. CWE's program includes a 14-20 week training that combines classroom learning with an internship in a child care center that qualifies as a welfare-to-work assignment. The program also includes a rigorous screening, orientation, case management and support groups, and back-up care for one hour a day.

Satellite child care homes are set up as off-site classrooms, and are linked to established community-based child care agencies for supervision and support. CWE contracts with these agencies to provide the center-based internships and help the satellite providers set up and manage their homes. The agencies are responsible for identifying eligible families and placing children with the satellite providers.

Results - The Satellite Child Care Program now employs about 110 satellite providers serving over 400 children. The providers are connected to five child care agency sponsors in the Bronx and Upper Manhattan. CWE is now expanding this model in Brooklyn, New York. The program reports that 80% of participants complete the training program, and about 75% of new providers have remained employed for six months or longer.

Funding - CWE has been able to access a variety of public revenue streams from federal, state and city agencies in support of its welfare-to-work mission. The program was initially launched in 1998 with a welfare-to-work grant from the U.S. Department of Labor (DOL). CWE was awarded a second USDOL grant in 1999 to expand the program in Brooklyn, New York as well as in several national sites including Alabama, Connecticut, Pennsylvania and Wisconsin. Since providers serve special needs children, the program has accessed additional resources and support through the New York State Education Department. CWE is currently reimbursed at the regular family child care rate for New York State, and is pressing for a new public subsidy category for the type of care offered through its Satellite program that will fully reflect the true costs of operating the program. CWE has secured some local foundation support for the program, but has not yet embarked on a private sector fundraising campaign.

RESOURCE ORGANIZATIONS

Acre Family Day Care
14 Kirk Street
Lowell, MA 01852
(978) 937-5899
www.acrefamily.org

Bank Street College of Education
610 West 112th Street
New York, NY 10025
(212) 875-4400
www.bnkst.edu

California Child Care Initiative Project
California Child Care Resource
and Referral Network
111 New Montgomery Street
San Francisco, CA 94105
(415) 882-0234
www.rrnetwork.org/netinfo.html

Center for the Child Care Workforce
733 15th Street, NW Suite 1037
Washington, DC 20005-2112
(202) 737-7700
ccw@ccw.org

Child Care, Inc.
275 Seventh Avenue
New York, NY 10001
(212) 929-7604
www.childcareinc.org

Child Welfare League of America
440 First Street, NW, Third Floor
Washington, D.C. 20001
(202) 638-2952
www.cwla.org

The Children's Foundation
725 Fifteenth Street, NW, Suite 505
Washington, D.C. 20005
(202) 347-3300
www.childrensfoundation.net

Consortium for Worker Education
275 Seventh Avenue
New York, NY 10001
(212) 647-1900
www.cwe.org

Cypress Hills Local Development Corporation
625 Jamaica Avenue
Brooklyn, NY 11208
(718) 647-2800

Enterprise Child Care, Inc.
The Enterprise Foundation
10227 Wincopin Circle, Suite 500
Columbia, MD 21044
(410) 964-1230
www.enterprisefoundation.org

RESOURCE ORGANIZATIONS

Families and Work Institute
330 Seventh Avenue, 14th Floor
New York, NY 10001
(212) 465-2044
www.familiesandwork.org

Local Initiatives Support Corporation
733 Third Avenue, 8th Floor
New York, NY 10017
(212) 455-9800
www.liscnet.org

National Association for Family Child Care
P.O. Box 10373
Des Moines, IA 50306
(515) 282-8192
www.nafcc.org

National Center for Children in Poverty
The Joseph L. Mailman School of Public Health
of Columbia University
154 Haven Avenue
New York, NY 10032
(212) 304-7100
www.cpmcnet.columbia.edu

National Economic Development and Law Center
2201 Broadway, Suite 815
Oakland, CA 94612
(510) 251-2600
www.nedlc.org

Quality Care for Children
1447 Peachtree Street, NE
Suite 700
Atlanta, GA 30309
(404) 479-4200
www.qualitycareforchildren.org

ROSE Community Development Corporation
Child Care Neighbor Network
7211 SE 62nd Avenue
Portland, OR 97206
(503) 788-0826
www.rosecdc.org

United Neighborhood Houses
Neighborhood Networks for Family Child Care
70 W. 36th Street, 14th Floor
New York, NY 10018
(212) 967-1763
www.unhny.org

Center for Career Development in Early Care and Education
200 The Riverway
Boston, MA 02215
(617) 879-2211
www.ericps.ed.uiuc.edu/ccdece/ccdece.html

BIBLIOGRAPHY

Bellm, Dan and Alice Burton, Renu Shukla and Marcy Whitebook, *Making Work Pay in the Child Care Industry: Promising Practices for Improving Compensation*, National Center for the Early Childhood Work Force, 1997.

Carlson, Barbara and Anne Collins, *Child Care by Kith and Kin – Supporting Family, Friends, and Neighbors Caring for Children*, Children and Welfare Reform Issue Brief 5, National Center for Children in Poverty, Joseph L. Mailman School of Public Health of Columbia University, 1998.

Child Care: Promoting Quality in Family Child Care, U.S. General Accounting Office, GAO/HEHS-95-36, December 1994.

Fine, Allison H. and Suzanne Merchlinsky (Innovation Network). *Final Evaluation Report on Project Opportunity: Empowering Low-Income Parents with Infants and Toddlers: A Public-Private Welfare Reform Family Child Care Demonstration Project*, Sponsored by The Children's Foundation and the Office of Early Childhood Development of Alexandria, VA, March 20, 1997.

Galinsky, Ellen, Carollee Howes, Susan Kontos and Marybeth Shinn. *The Study of Children in Family Child Care and Relative Care*, Families and Work Institute, 1994.

Gazan, Harold S., *Regulation: An Imperative for Ensuring Quality Child Care*, Foundation for Child Development Working Paper Series, 1998.

Godwin, Annabelle and Lorraine Schrag, *Setting Up for Infant/Toddler Care: Guidelines for Centers and Family Child Care Homes*, San Fernando Valley Child Care Consortium, Washington, D.C., National Association for the Education of Young Children, 1996.

Johnson, Amy and Alicia Meckstroth, *Ancillary Services to Support Welfare to Work*, Mathematica Policy Research, Inc., June 22, 1998.

Kontos, Susan. *Family Day Care: Out of the Shadows and Into the Limelight*. Research Monograph for the National Association for the Education of Young Children, Volume 5, 1992.

Larner, Mary. *In the Neighborhood: Programs that Strengthen Family Day Care for Low-Income Families*. National Center for Children in Poverty, Columbia University School of Public Health, 1994.

Larner, Mary and Nina Chaudry, *Promoting Professionalism through Family Day Care Networks, A Study of Child Care, Inc.'s Neighborhood Child Care Initiatives Project*, National Center for Children in Poverty, August 1993.

Musick, Judith, *Uncovering the Many Sides of Family Child Care: A Study of the Family Child Care Connection (Executive Summary)*, funded by the John D. and Catherine T. MacArthur Foundation and the Robert R. McCormick Tribune Foundation, March 1996.

Porter, Toni. *Neighborhood Child Care: Family, Friends, and Neighbors Talk About Caring for Other People's Children*. Bank Street College of Education, Center for Family Support, Division of Continuing Education, 1998.

Proceedings of National Conference on Community Development and Family Child Care, Co-sponsored by Local Initiatives Support Corporation and the National Economic Development & Law Center, December 1997

Recruiting Welfare Recipients for Child Care Work: Not a Panacea, Child Care Law Center, 1996.

Robeson, Wendy Wagner, *An Outcome Evaluation of the Acre Family Day Care Provider Training Program and Evaluation Addendum*, Center for Research on Women, Wellesley College, 1998.

Ruark, Ramona. *ROSE Child Care Neighbor Network: Strengthening Community and Child Care Capacity Through Microenterprise Lending and Development*, School of Urban Studies and Planning, College of Urban and Public Affairs, Portland State University, 1998.

Shuster, Claudia, Matia Finn-Stevenson, and Pat Ward, *Family Day Care Support Systems: An Emerging Infrastructure*, Young Children (A Publication of NAEYC), 1992.

Smith, Shelley L, Mary Fairchild and Scott Groginsky, *Early Childhood Care and Education: An Investment that Works*, 2nd Edition, Washington, D.C., National Conference of State Legislatures, 1997.

Welfare Reform: Implications of Increased Work Participation for Child Care, U.S. General Accounting Office, HEHS-97-75, May 1997.

Whitebook, March and Deborah Phillips, *Child Care Employment: Implications for Women's Self-Sufficiency and for Child Development*, Foundation for Child Development Working Paper Series, 1999.

Whitebook, Phillips and Howe, The National Child Care Staffing Study Revisited: Four Years in the Life of Center-Based Child Care, Washington, D.C., National Center for the Early Childhood Work Force, 1995.

330 MADISON AVENUE, 30TH FLOOR
NEW YORK, NEW YORK 10017-5001
PHONE: (212) 557-0010
FAX: (212) 557-0003
www.surdna.org

BEST COPY AVAILABLE